

SCHEDULE QR

41A720QR (10-14)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



Taxable Year Ending

____/____
Mo. Yr.

**QUALIFIED RESEARCH FACILITY
TAX CREDIT
KRS 141.395**

➤ See instructions.

➤ Attach to Form 720, 720S, 725, 740, 740-NP, 741, 765 or 765-GP.

Name of Entity		Federal Identification Number _____
Taxed as: <input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Pass-through Entity <input type="checkbox"/> General Partnership <input type="checkbox"/> Individual <input type="checkbox"/> Other _____		Kentucky Corporation/LLET Account Number <i>(if applicable)</i> _____
Location of Research Facility within Kentucky <input type="checkbox"/> New Construction <input type="checkbox"/> Expansion	County Where Project is Located	Date of Completion

PART I—Computation of Allowable Tax Credit

1. Cost of construction (attach schedule)	1		00
2. Cost of equipment (attach schedule)	2		00
3. Total qualified costs (add lines 1 and 2)	3		00
4. Allowable tax credit (enter 5% of line 3)	4		00

PART II—Current Year Credit

1. LLET Credit—Enter on Schedule TCS, Part II, Column E	1		00
2. Corporation Income Tax Credit—Enter on Schedule TCS, Part II, Column F	2		00
3. Individual Income Tax Credit—Enter on Form 740, 740-NP or 741	3		00

PART III—Amount of Credit Claimed

A Taxable Year Credit Taken (Month/Year)	B Balance of Qualified Research Facility Tax Credit		C Amount of Credit Used	
	LLET	Income Tax	LLET	Income Tax
1. ____/____	00	00	00	00
2. ____/____	00	00	00	00
3. ____/____	00	00	00	00
4. ____/____	00	00	00	00
5. ____/____	00	00	00	00
6. ____/____	00	00	00	00
7. ____/____	00	00	00	00
8. ____/____	00	00	00	00
9. ____/____	00	00	00	00
10. ____/____	00	00	00	00
11. ____/____	00	00	00	00

INSTRUCTIONS—QUALIFIED RESEARCH FACILITY TAX CREDIT

The Qualified Research Facility Tax Credit is applied against the individual income tax imposed by KRS 141.020, the corporation income tax imposed by KRS 141.040 and the limited liability entity tax (LLET) imposed by KRS 141.0401. The amount of credit claimed against the corporation income tax and the LLET can be different.

The amount of credit claimed from Part I, Line 4 and the resulting balance of credit available must be calculated separately for income tax and the LLET. If the balance available for the income tax or the LLET reaches zero, no further credit is allowed against that tax liability. For example, any balance available for income tax cannot be used as a credit against the LLET nor can any balance available for the LLET be used as a credit against the income tax liability.

For tax years beginning on or after January 1, 2007, Kentucky law permits a credit against the income tax liability and the LLET liability for the construction of research facilities. "Construction of research facilities" means constructing, remodeling and equipping facilities in this state or expanding existing facilities in this state for qualified research and includes only tangible, depreciable property, and does not include any amounts paid or incurred for replacement property. The credit is available once the tangible, depreciable property is placed in service. "Qualified research" means qualified research as defined in Section 41 of the Internal Revenue Code.

Purpose of Schedule—This schedule is used by taxpayers to determine the credit against the income tax liability and the LLET liability allowed for completion of research facilities in accordance with KRS 141.395. It is also used to record the credit claimed each tax year. A copy must be submitted each year until the full credit is utilized or the 10-year carryforward period has expired. Complete a separate schedule each year that a new project qualifies.

General Instructions—If the entity type is not listed, check the "Other" box and list the entity type.

PART I—Computation of Allowable Tax Credit

Line 1—Enter the cost of construction of qualified research facilities.*

Line 2—Enter the cost of equipment.*

Line 3—Enter the sum of Line 1 and Line 2.

Line 4—Enter the amount of Line 3 multiplied by 5 percent (.05).

PART II—Current Year Credit

Line 1—LLET Credit—Enter the amount of current year credit claimed against the LLET. This credit cannot reduce the LLET below the \$175 minimum.

Line 2—Corporation Income Tax Credit—Enter the amount of current year credit claimed against the corporation income tax.

Line 3—Individual Income Tax Credit—Enter the amount of current year credit claimed against the individual income tax.

A pass-through entity shall include on each Schedule K-1 the partner's, member's or shareholder's pro rata share of the approved credit.

PART III—Amount of Credit Claimed

Column A—Enter the month and year the tax credit is taken for this project.

Column B—Enter for year 1 the allowable credit from Part I, Line 4. Enter for each succeeding year the difference between Column B and Column C for the LLET and income tax.

Note: The 2007 beginning balance of the Qualified Research Facility Tax Credit for LLET will be the same as the balance for income tax purposes.

Column C—Enter the amount of credit used for that year. If the amount is zero, enter -0-.

*** Attach a schedule of the tangible, depreciable property included in Lines 1 and 2 listing the date purchased, date placed in service, description and cost.**